



2004 CROP INSURANCE FACT SHEET

NURSERY



THIS FACT SHEET POINTS OUT CERTAIN FEATURES OF CROP INSURANCE AND IS NOT INTENDED TO BE COMPREHENSIVE. THE INFORMATION BELOW NEITHER MODIFIES NOR REPLACES TERMS AND CONDITIONS OF THE BASIC POLICY, THE CROP PROVISIONS, OR THE COUNTY ACTUARIAL DOCUMENTS. CONTACT A CROP INSURANCE AGENT FOR FURTHER DETAILS.

CROP INSURED

Nursery crop insurance is available in all counties in all states, provided certain criteria are met. Insurance coverage will apply to all your **field-grown and containerized** nursery plants in the county that:

- are shown on the Eligible Plant List
- meet all the requirements for insurability
- are grown in an appropriate medium using acceptable production practices.

Stock plants or plants grown for sale as Christmas trees are not insurable. An inspection of your nursery will be performed before insurance coverage begins.

CAUSES OF LOSS

- Adverse Weather Conditions (including wind, hurricane, and freeze*)
- Fire (provided weeds and undergrowth are chemically or mechanically controlled)
- Failure of the Irrigation Water Supply (if due to an insurable cause of loss)
- Delay in marketability of plants resulting in reduced plant value (if due to an insurable cause)
- Wildlife

*** If cold protection is required by the Eligible Plant List, adequate and operational cold protection measures must be in place.**

Plant damage or losses in value as a result of the following situations are not covered:

- Disease or Insect infestation (unless effective control measures for the infestation do not exist)
- Inadequate power supply (unless such inadequacy is a result of an insurable cause of loss)
- Inability to market your nursery products due to quarantine, boycott, or buyer refusal
- Collapse or failure of buildings/structures (unless caused by an insurable cause of loss)
- Failure of plants to grow to an expected size due to drought.

DUTIES IN THE EVENT OF DAMAGE OR LOSS

**Notify your agent within 72 hours of your initial discovery of damage
(but not later than 15 days after the end of the insurance period)**

INSURANCE PERIOD

The insurance year runs from October 1 through September 30. For existing policies, coverage will begin on October 1, 2003. New applications for crop year 2004 may be accepted until May 31, 2004 with coverage beginning 30 days after receipt of your signed application, if accepted. The premium for a new policy is prorated according to the month coverage begins. Applications accepted after May 31, 2004 will not begin coverage until October 1, 2004.

Coverage will end at the earliest of:

- The date of final adjustment of a claim when total indemnities equal the amount of insurance
- Removal of bare root nursery plant material from the field
- Removal of all other insured plant material from the nursery
- 11:59 p.m. on September 30, 2004.

PLANT INVENTORY VALUE REPORT

A Plant Inventory Value Report must accompany your insurance application. This report declares the value of your insurable plants. For existing policies, the report is due no later than September 1, 2003. Adequate records must be maintained to substantiate the reported data. Revisions to increase the reported inventory value may be allowed, but must be made in writing before May 31, 2004.

PEAK INVENTORY ENDORSEMENT

If you desire increased coverage during certain periods when your inventory value may be significantly higher than the annual plant inventory value, you may want to consider a Peak Inventory Endorsement (not available with the CAT endorsement). Contact your crop insurance agent for further details.

COVERAGE LEVELS & PREMIUM SUBSIDY

Coverage levels range from 50 to 75 percent of your plant inventory value. **Catastrophic (CAT) Coverage** is fixed at **27.5%** of your plant inventory value. The only cost for CAT coverage is an administrative fee of \$100.

Crop insurance premiums are subsidized as shown in the following table. For example, if you selected the 75 percent coverage level, your premium share would be 45 percent of the base premium:

Coverage Level	50%	55%	60%	65%	70%	75%
Premium Subsidy*	67%	64%	64%	59%	59%	55%
Your Premium Share*	33%	36%	36%	41%	41%	45%

DEFINITIONS

Amount of Insurance	The result of multiplying the full value of all insurable plants in each basic unit by the selected coverage level percentage, multiplied by a price election percentage, multiplied by your share.
Eligible Plant List	A list of botanical and common names of insurable plants, including winter protection requirements (available on CD-ROM from your agent).

LOSS EXAMPLE - NURSERY

\$100,000	plant inventory value
x .65	coverage level percentage
\$65,000	unit amount of insurance

In the event of a loss:

\$100,000	field market value before loss
– \$50,000	field market value after loss
\$50,000	value of loss
– \$35,000	deductible (1 – coverage level) X inventory = (1 – .65) X \$100,000 =
\$15,000	\$35,000 indemnity

USDA is an equal opportunity provider and employer.

For more information, visit the Risk Management Agency web site at www.rma.usda.gov